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C O N F I D E N T I A L SEOUL 003596

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TAGS: [KN](#) [KS](#) [PGOV](#) [PREL](#) [PINR](#)
SUBJECT: PARTISAN DIVIDE PRESENTS PROBLEMS FOR KEY
LEGISLATION

Classified By: POL Joseph Y. Yun. Reasons 1.4 (b,d).

¶1. (C) SUMMARY: The National Assembly (NA) on December 10 convened an extraordinary session to deal with outstanding legislation for 2007. Among issues likely to be discussed before the end of the year are legislation extending the deployment of troops to Iraq as well as the 2008 budget. Although the budget bill likely will pass, the Zaytun legislation faces a much bigger challenge. Looming large in the progressive-controlled NA is the public's clear preference for conservative candidates in last week's presidential election and what that means for the general election in April, at which point all 299 NA members will be up for re-election. Divisiveness exhibited in the past month is likely to continue only insofar as candidates assess it will buy them votes in April. The public backlash against the progressives' recent reliance on mudslinging rather than serious policy debate suggests that continuing use of this tactic would be unwise, though by no means improbable. END SUMMARY.

Mechanics

¶2. (SBU) The December 10 special session was convened to vote on United New Democratic Party (UNDP)-proposed legislation calling for a reinvestigation into the December 5 report clearing president-elect Lee Myung-bak of allegations related to the BBK stock manipulation scandal. The special session, which was originally to be held after the election, is set to also address outstanding issues including the Zaytun deployment and the budget that were not dealt with in the fall due to the presidential election. Though the NA's regular session runs from September to December, special sessions are convened as needed. These are scheduled to last 30 days, however, the current session is scheduled to end December 28 but could extend until December 31.

Zaytun

¶3. (C) The Zaytun legislation will be put to a vote in the Defense Committee December 27 and will most likely move forward to a plenary vote on December 28. The outlook at the plenary is unclear. The UNDP along with coalition partner

Democratic Labor Party (DLP) and other smaller parties are all officially against the legislation. According to a GNP member of the defense committee, the committee vote was delayed from December 26 so the UNDP could meet the morning of December 27 to reassess their party position on the extension. UNDP members of the defense committee have spoken out in favor of the extension. If the UNDP allows free voting by its members, the extension could pass the plenary on December 28.

¶4. (C) According to UNDP lawmaker Choi Jae-cheon's chief of staff Kim Ki-bong, the Zaytun deployment may get extended but it would not be easy. He noted that currently there was an official party position against the extension. If this position was relaxed so members could vote freely, there was a chance for ratification. However, he cautioned, this was not the most likely outcome since about half of Koreans opposed the extension and, the UNDP was effectively the opposition party, so it felt less responsibility to ratify the bill.

¶5. (SBU) MOFAT contacts have speculated that other issues are of greater concern to lawmakers than the Zaytun extension bill. As such, the legislation may not be approved by the end of the year and would be postponed until the February session or to a separate special session in January. MND said publicly that the bill must get approved for the sake of concluding the mission successfully, but MOFAT and MND sources are quick to admit that they are considering alternate plans to keep the Zaytun Division operating in Irbil in the event that the vote is delayed until into 2008.

Budget

¶6. (SBU) National Assembly contacts told poloff that the budget will be raised, debated, and passed before the end of the year, regardless of the fighting between the Grand National Party (GNP) and UNDP. The budget will likely also come up for a vote on December 28. The main point at issue is a debate between those who argue for budget cuts to reduce unnecessary expenditures and the increases that will be required to implement some of Lee Myung-bak's policy pledges. Nevertheless, both parties have said they will accommodate the other's position as much as possible. A midnight December 31 vote on the budget and other outstanding bills is not a rarity in Korea and it is likely there will be a flurry of activity just before the new year.

BBK

¶7. (SBU) An altercation broke out at the start of the special session when the GNP physically blocked the podium to prevent debate on the proposal to appoint a special prosecutor to investigate outstanding allegations related to the BBK fraud scandal (reftel). One contact noted that, while occupying the speaker's podium is not an infrequent occurrence, barring the doors was a new twist. Despite the rekindled controversy over BBK, some of Lee's advisors recently told poloff that the public had shown their support for Lee and would not likely stand for further investigation into the President-elect. One of Lee's advisors said, "You should not worry about BBK -- it's over, and we are all moving forward." Already the dramatic reduction in mainstream media coverage suggests that the controversy is in decline.

FTA

¶8. (C) Some political observers are still cautiously optimistic that the KORUS FTA will be ratified in February. (NOTE: The NA always convenes a special session in the

first-half of the year in even-numbered months, making the upcoming February session a de facto regular session.) Brother of the president-elect and National Assembly Vice Speaker Lee Sang-deuk had called February a "window of opportunity" for FTA ratification when the Ambassador spoke with him before the election. Recently, however, NA contacts have struck a cautionary tone. Representative Park Jin told poloffs recently that, because of the April 9 National Assembly elections, FTA ratification in February may be difficult. Despite the upcoming election overshadowing a possible vote, Lee Myung-bak's commitment to the FTA bodes well for ratification. If the Unification, Foreign Affairs and Trade Committee brings the bill to committee at the end of this year, debate can begin in earnest to prepare for a ratification vote. However, contacts in Lee's camp, the GNP and the UNDP indicate that they believe this is not the most likely scenario.

Comment

19. (C) Progressives have a hold on the NA at least until the current representatives leave office on May 29, 2008. In the meantime Lee Myung-bak and the GNP will be leveraging all their political capital to get appointees through the confirmation process so that the new administration is ready to go immediately after Lee's inauguration on February 25. Through the April election, lawmakers are going to be looking for issues with which they can make political gains. BBK may not disappear entirely, but in light of public apathy over the issue, progressives will likely start looking for a more popular topic. Just as the presidential elections colored all political decisions in 2007, so to the April elections exert monumental influence on lawmakers now. This could make all bills going forward -- Zaytun, FTA, budget, etc. -- more difficult to pass as each member must calculate how each vote will affect their chances in the NA elections in April. END COMMENT.
VERSHBOW